



# TROY RESOURCES NL

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## AUDIT COMMITTEE CHARTER

### 1. Composition of the Audit Committee

- The Committee is to include at least two independent non-executive directors, but this is subject to any requirements of law regarding a different composition.
- At least one member of the Committee is to have significant, recent and relevant financial experience.

### 2. Role of the Audit Committee

- To monitor the integrity of the financial statements of the Company and review significant financial reporting changes.
- To review the Company's internal financial control system and, unless expressly addressed by a separate risk committee or by the Board itself, risk management systems.
- To make recommendations to the Board in relation to the appointment of the external auditor and to approve the remuneration and terms of engagement of the external auditor.
- To monitor and review the external auditor's independence, objectivity and effectiveness, taking into consideration relevant professional and regulatory requirements.
- To develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm.



### **3. Operations**

- The Committee is to meet at least twice a year, with further meetings on an as required basis.
- Minutes of all meetings of the committee are to be kept and a report of actions taken to be given at each subsequent meeting of the full Board.
- Committee meetings will be governed by the same rules, as set out in the Company Constitution as they apply to the meetings of the Board.

### **4. Resources**

- The Company to provide the committee with sufficient resources to undertake its duties, including provision of educational information on accounting policies and other financial topics relevant to the Company and such other relevant materials requested by the Committee.

### **5. Reporting to the Shareholders**

- The directors' report to contain a separate section that describes the role of the committee and what action it has taken.
- The Chairman of the Audit Committee, or in his absence another Committee member, to be present at the Annual General Meeting to answer questions through the Chairman of the Meeting.

### **6. Responsibilities**

- Responsibilities of the committee are set out in an Audit Committee Responsibilities Calendar.



## **CURRENT COMMITTEE COMPOSITION**

The Audit Committee was established in 1998 and currently comprises Mr D E Clarke (Committee Chairman) and Mr P A K Naylor, who are both independent Directors.

## **POLICY AND PROCEDURE FOR SELECTION OF EXTERNAL AUDITOR AND ROTATION OF AUDIT ENGAGEMENT PARTNERS**

### **1. Responsibility**

The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises based on the recommendations of the Audit Committee. Any appointment made by the Board must be ratified by shareholders at the next Annual General Meeting of the Company.

### **2 Selection Criteria**

#### *Mandatory Criteria*

Candidates for the position of external auditor of the Company must be able to demonstrate complete independence from the Company and an ability to maintain independence through the engagement period. Further the successful candidate must have arrangements in place for the rotation of the audit engagement partner on a regular basis. The auditor partner, or their representative, must to be present at the Annual General Meeting of the Company to answer questions from shareholders through the Chairman of the Meeting.

#### *Other Criteria*

Other than the mandatory criteria mentioned above, the Board may select an external auditor based on criteria relevant to the business of the Company such as experience in the industry in which the Company operates, references, cost and any other matters deemed relevant by the Board.

### **3 Review**

The Audit Committee will review the performance of the external auditor on an annual basis and report to the Board.

